



HIGHLIGHTS

- ✚ Initial 3 holes drill program at South Pelumat project completed.

- ✚ Significant gold-copper-molybdenum intersections achieved in first hole at South Pelumat. Best Intercepts include:
 - From 219 metres: 17m @ 6.18g/t Au;
 - From 254 metres: 26m @ 1.5g/t Au, 0.43% Cu; &
 - From 310 metres: 2m @ 4.64g/t Au

- ✚ New rock chip and soil geochemical results from South Pelumat indicate potential extension.

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Capital Structure:
ASX Listed Shares: 382.7M
ASX Unlisted Options: 14.45M

ASX Code:
PSP – ordinary shares

Directors:
Mo Munshi
Chairman/Managing Director

John Arbuckle
Non-Executive Director

Sebastian Hempel
Non-Executive Director

Mufti Habriansyah
Non-Executive Director





Projects

Pelumat Prospect (Prosperity to earn 73%)

Gold – Copper - Molybdenum

During the quarter Prosperity completed a three holes drill program to test the full extent of the mineralised skarn at its Pelumat Prospect in Southern Aceh, Indonesia. The Pelumat Prospect is one of ten known magnetite and skarn intrusive related targets recognised by Prosperity along 60 kilometres of strike length of its 410 square kilometre Aceh project (figure 1).

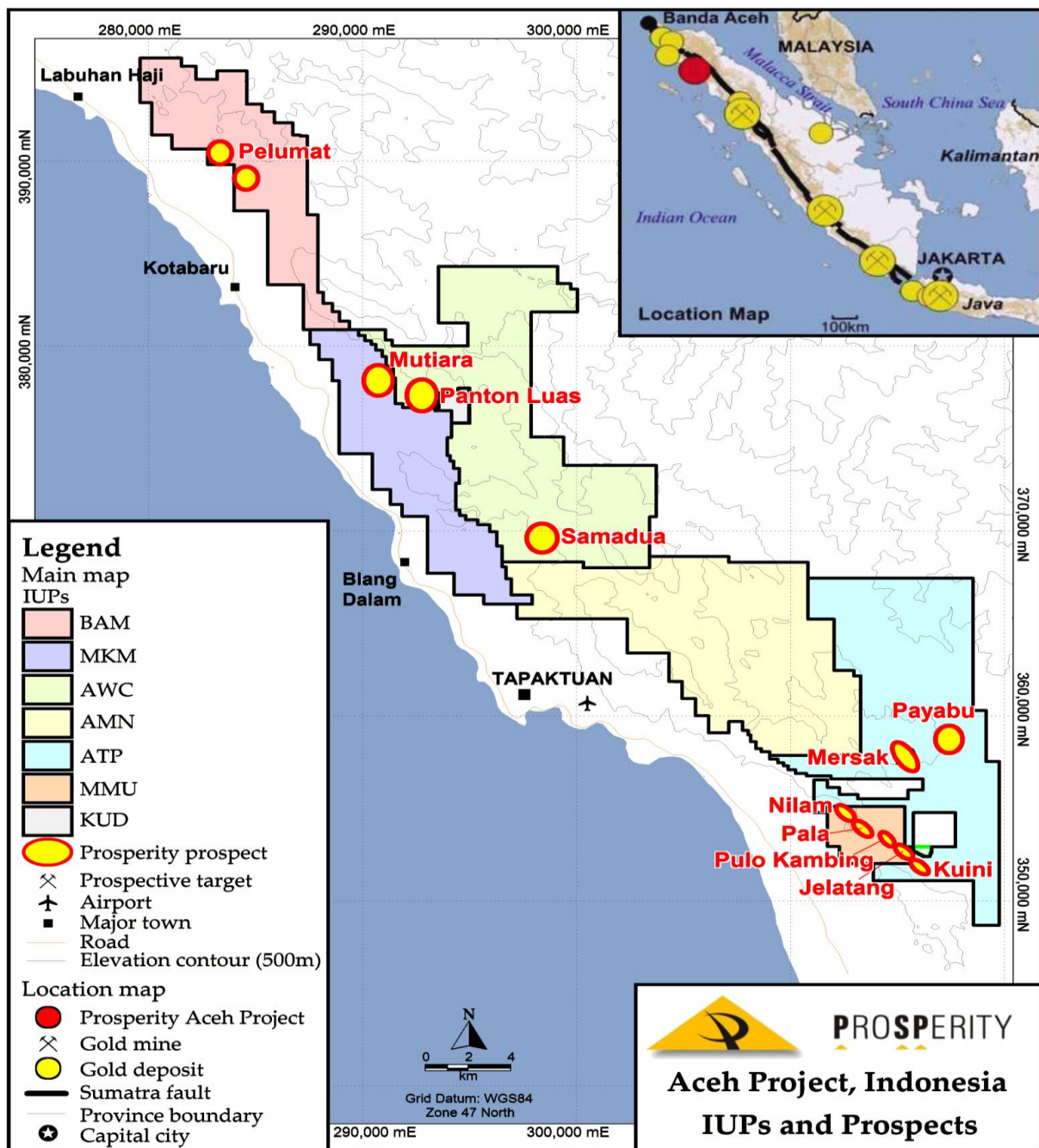


Figure 1: Prosperity's land package in Aceh



Results from the first hole, PMDH001 (figure 2 and 3) show significant gold-copper-molybdenum intersections and offer good support for the mapping and geochemistry undertaken in the area. Best intercepts include:

- From 219 metres: 17 m @ 6.18 g/t Au;
Including: 3 m @ 13.91 g/t Au;
and: 1 m @ 60.0 g/t Au;
- From 227 metres: 10 m @ 0.97% Cu
- From 254 metres: 26 m @ 1.5 g/t Au; 0.43% Cu
Including: 2 m @ 15.4 g/t Au; 1.40% Cu
and: 2 m @ 1.84 g/t Au with 1 m @ 2.05% Cu
and: 1 m @ 2.05% Cu
and: 2 m @ 0.06% Mo
and: 4 m @ 0.06% Mo
- From 310 metres: 2 m @ 4.64 g/t Au

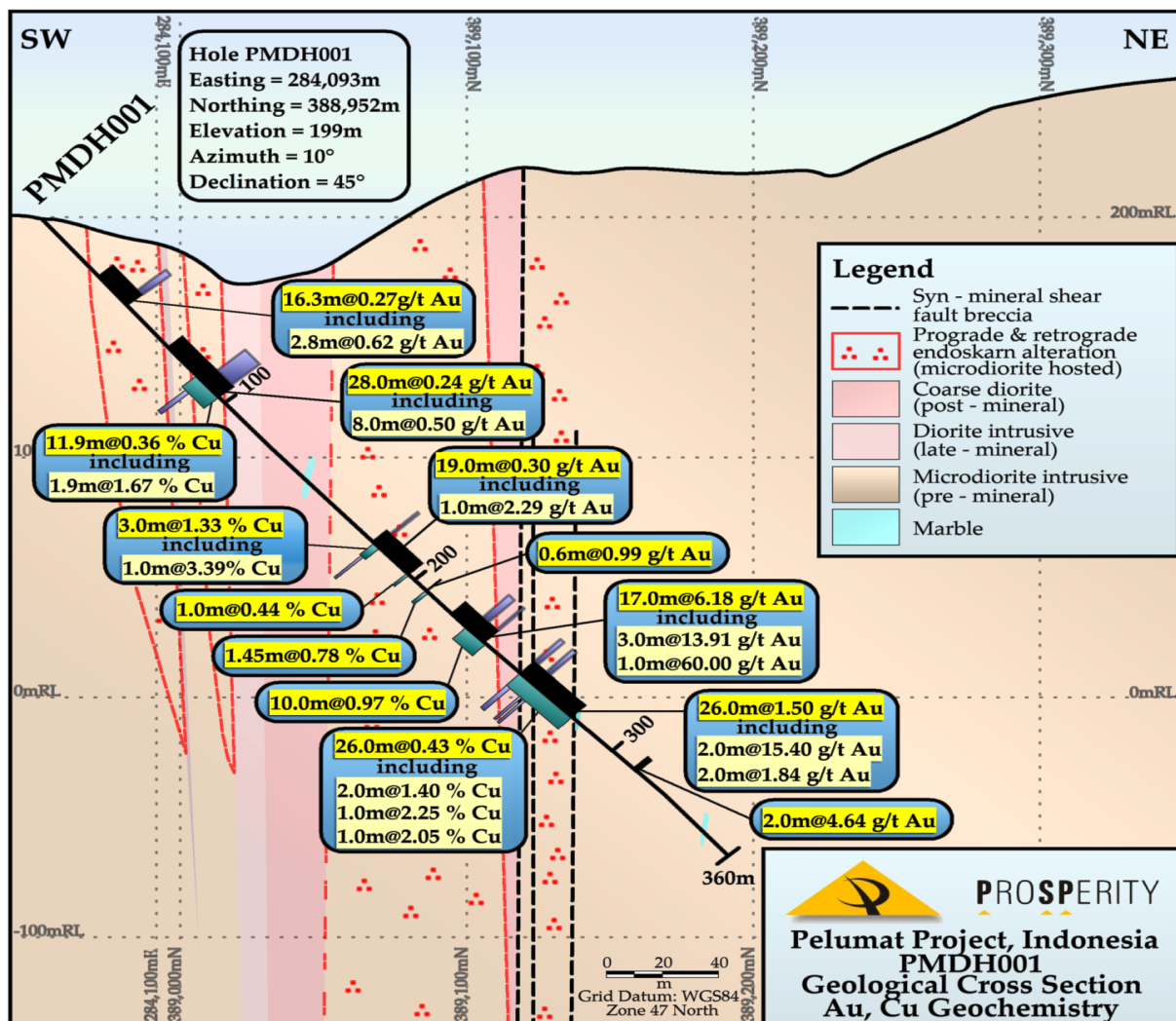


Figure 2: Au-Cu intersections plotted over summary of drill hole geology. This summarises significant intersections. These generally sit in an elevated background of gold and copper associated with the zones of pro- and retrograde endoskarn alteration of microdiorite.

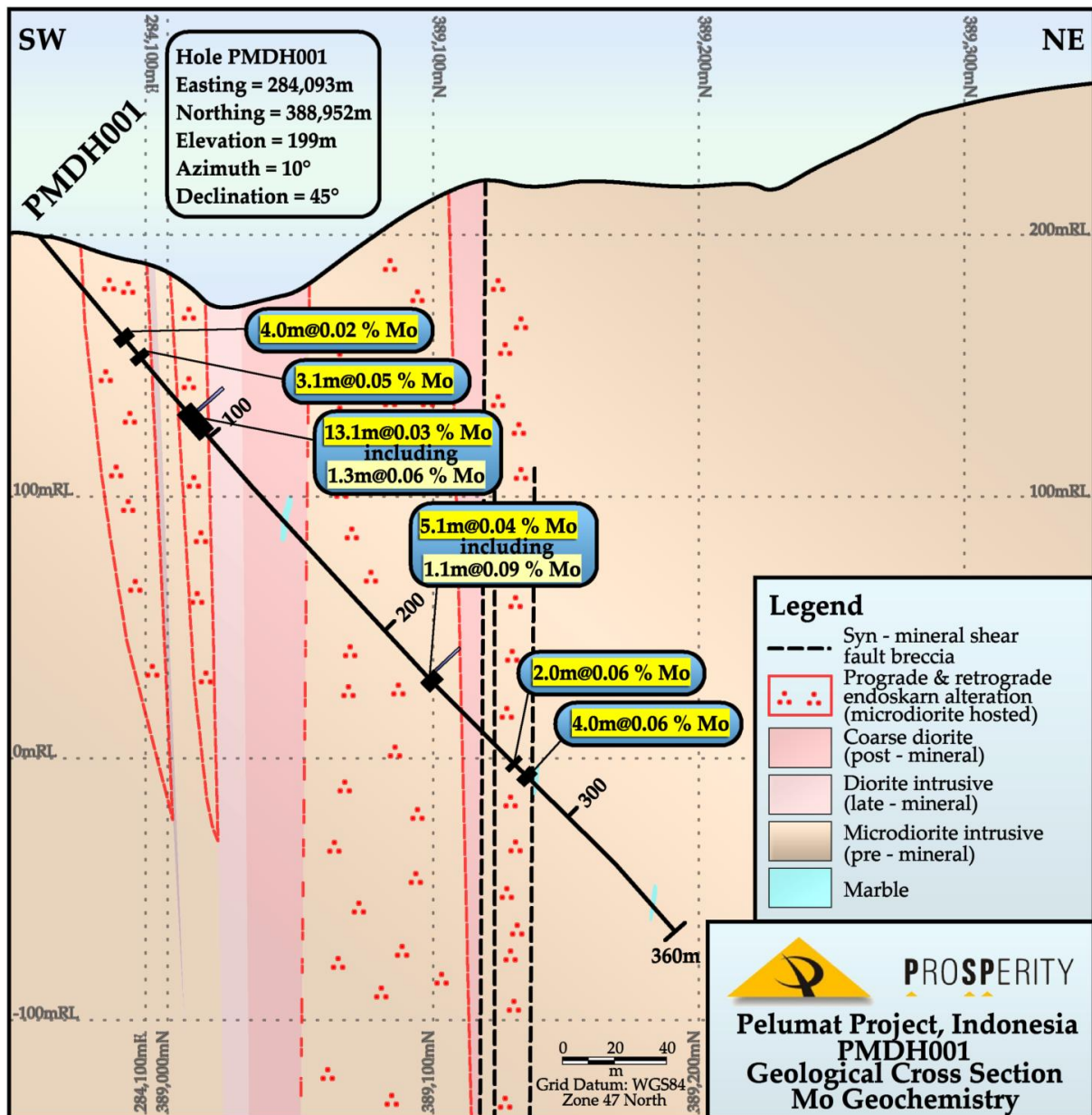


Figure 3: Molybdenum values in hole PMDH001. Mo generally associates with the copper and gold but also occurs independently of them at some sites.

Results from new rock chip and soil geochemistry in proximity to the South Pelumat magnetic anomaly highlight well developed multi-element Au-Cu-Mo-As-Sb-Bi anomalism occurring along a 5 kilometres strike length. The additional prospecting, reconnaissance mapping and sampling have revealed several outcrop sites containing massive segregations of chalcopyrite within skarn and as replacement in endoskarn in microdiorite. Two metres continuous composite rock chip samples over one 30 metre section averaged:

2.93g/t Au, 1.75% Cu and 50 ppm Mo

With individual high grade composites including:

2 m @ 19.4g/t Au; 4.35% Cu;



2 m @ 5.09g/t Au; 12.0% Cu;

2 m @ 4.55g/t Au; 3.64% Cu

Further information can be found in our ASX release dated 30 May 2012.

Corporate

Prosperity raised \$2 million through a private share placement at 10 cents per share to support ongoing exploration activities in Indonesia.

The Company entered into an agreement with a local Indonesian partner to assist with its project in Aceh.

An existing loan of USD500,000 due for repayment on 30 June 2012 was converted into shares at the election of the lender. A total of 16,153,001 shares were issued.

Agreements reached for the disposal of the Yalgoo project as part of a forfeiture action. Prosperity acquired 100% of tenement E59/1102 at Mt Gibson with the remainder of the Mt Gibson project sold as part of the forfeiture action.

No exploration fieldwork was carried out at the Tennant Creek project during the June 2012 quarter.

For further information please contact:

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or visit www.prosperity.net.au

Competent Person Statement: Information in this announcement that relates to Exploration Results is based on information compiled by Dr. Neil F. Rutherford. Dr. Rutherford is a Fellow of The Australian Institute of Geoscientists and is a full time employee of Rutherford Mineral Resource Consultants, mineral industry consultants. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Dr. Neil Rutherford has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Prosperity Resources Limited

ABN

60 103 280 235

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,216)	(3,095)
1.3 Dividends received	(185)	(581)
1.4 Interest and other items of a similar nature received	10	30
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(1,391)	(3,646)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,391)	(3,646)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,391)	(3,646)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,000	2,550
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	463
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	2,000	3,013
	Net increase (decrease) in cash held	609	(633)
1.20	Cash at beginning of quarter/year to date	128	1,370
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	737	737

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.2 3	Aggregate amount of payments to the parties included in item 1.2	67
1.2 4	Aggregate amount of loans to the parties included in item 1.10	

1.2 Explanation necessary for an understanding of the transactions

5

Directors salaries and consulting fees for services rendered

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NA

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Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	984	492
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	225
4.2 Development	
4.3 Production	
4.4 Administration	185
Total	410

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	737	128
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Loan facilities available	492	481
Total: cash at end of quarter (item 1.22)	1,229	609

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E59/853	Relinquished	100%	0%
	E59/878	Relinquished	100%	0%
	E59/903	Relinquished	100%	0%

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6.2 Interests in mining tenements acquired or increased	E59/853	Acquired	75%	100%
	E59/878	Acquired	75%	100%
	E59/903	Acquired	75%	100%
	E59/1102	Acquired	75%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	382,692,180	382,692,180		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	16,153,001 20,000,000	16,153,001 20,000,000	3 cents 10 cents	3 cents 10 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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Mining exploration entity quarterly report

7.7	Options	<i>Total number</i>	<i>Number quoted</i>	<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted (1)	500,000	-	12 cents	31 Oct 2012
	Unlisted (2)	500,000	-	15 cents	31 Oct 2012
	Unlisted (3)	3,000,000	-	20 cents	30 Nov 2012
	Unlisted (4)	100,000	-	15 cents	31 Dec 2012
	Unlisted (5)	2,000,000	-	4 cents	31 Dec 2012
	Unlisted (6)	100,000	-	5 cents	28 Feb 2013
	Unlisted (7)	500,000	-	5 cents	28 Feb 2013
	Unlisted (8)	500,000	-	10 cents	28 Feb 2013
	Unlisted (9)	500,000	-	10 cents	28 Feb 2013
	Unlisted (10)	1,250,000	-	20 cents	31 Mar 2013
	Unlisted (11)	2,500,000	-	25 cents	30 Jun 2013
	Unlisted (12)	500,000	-	30 cents	30 Jun 2013
	Unlisted (13)	1,000,000	-	30 cents	30 Nov 2013
	Unlisted (14)	1,500,000	-	30 cents	30 Nov 2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 31 July 2012

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Print name: G Taylor

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An

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entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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